# Problems Existing in the Development of Economy Organizations for Agriculture and Strategies to Cope with Them

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#### **Abstract**

This paper analyzes the agricultural economy organizations appeared in recent years in the industry structure of agriculture and their current conditions and functions and explores the problems existing in the development of economy organizations for agricultural cooperation, based on which the authors of this paper puts forward strategies to push the sound development of economy organizations for agricultural cooperation.

Keywords: Agriculture, Economy organizations, Problems, Strategies

In recent years, with the gradual improvement of "three agricultral problems", various types of economy organizations for cooperation well up in the rurual areas of China, which greatly pushes the development of the mangement of agricultural industrialization and the adjustment of agricultural structure, raises the organizational degree of farmers and the competition force of agrucultural products, perfects the agricultural socialized service system, enriches the meaning of rurual management structure and becomes the new way for farmers to increase incomes and for rural areas to develop economy and the creation point for agricultural management structure. But because the history of specialized economy organizations for cooperation for farmers is short, there exsit many problems in the process of development. Therefore, to correctly understand economy organizations for agriculture copperation plays significant role in futher improving the "three agricultural problems".

# 1. The current condition and functions of economy organizations for agricultural cooperatin

As per statistics, there are about 1,600,000 economy organizations for agricultural cooperation in rural areas of China, among which 150,000 are of certain scale and standard management covering such industries as agriculture, forestry, stockbreeding and fishery and each aspect in the productions and managements in rural areas. The service functions and types of the existing specialized economy organizations for agriculture cooperatin can be put into thres types. The first one is farmer association, which is organized voluntarily by the minority specialty farmers and able persons for farmers who are engaged in the production and sale of special agricultural products to sell their products and the management pattern is association+farmers; the second one is order agriculture, which carries out the planting and sale of ordered agricultural products and agricultural byproducts in the form of large individual sale families and sale companies and the management pattern is companies+cooperation assosications+farmers; the third one is technology service organization, which develops production bases in the areas the organizations locate through the local scientific and research companies, technology extending departments and leading companies and adds the science and tehenology contents and values of the products via the techology service throughout the whole production process.

The current development condition of specialized economy cooperatin organizations for agriculture demeonstrates the functions of economy organizations for agricultural cooperation in pushing the development of local economy. Firstly, the estblishment and development of specialized economy cooperatin organizations for agriculture protects well the interests of farmers, which organizes farmers orginially engaged in seperated management, raises the status of farmers in market economy, and solves the problems which cannot be treated well by a signal family; secondly, the estblishment and development of specialized economy cooperatin organizations for agriculture improves the stability of the supply of raw materials for processing companies; thridly, the estblishment and development of specialized economy cooperatin organizations for agriculture provides an effective road for government to regulate and control agricultural and rural economy. The establishment of these "organizations" provides reliable ground for government to exercise policy instruction and provide services.

# 2. Problems existing in developing the economy organizations for agricultural cooperation

Because the specialized economy organizations for agricultural cooperation are now in the primay stage, there are some problems that cannot be neglected in their development process.

#### 2.1 The thoughts and understanding are not enough

Some officials in counties and towns lack adequate understanding of the important role and positive functions which specialized economy organizations for agricultural cooperation play in advancing the adjustment of agricultural structure and driving farmers to become rich. There exist among them the concept of emphasizing production and neglecting circulation. They do not take the development of specialized economy organizations for agricultural cooperation and the adjustment of agricultural structure as connected matters and cannot make plans with these two as a whole. Their work enthusiam and activism is not enough.

#### 2.2 The legal status is not clear

Because there are no provisions enacted by the state and no relevant policies promulaged by local governments, the legal status of specialized economy organizations for agricultural cooperation has not been determined. As a result, the management process of these organizations has no rules to follow. Inside these organizations, there lack standard articles of association and management systems and the cooperation among them has no effective and legal guarantee. The long-term system to offer specialized economy organizations for agricultural cooperation financial support has not been established in deed. The contradict of the hardness to get loans from banks still exists and there are many problems in the detailed taches in registration in industry and commerce administrative offices and tax administrative offices.

#### 2.3 The comprehensive strength is not strong enough

The economy strength, management scale, administration level, processing ability, transportation instruments, transaction modes and the cultural makings of workers in specialized economy organizations for agricultural cooperation cannot meet and adjust to the demand of market economy, which respectively limits their development.

#### 2.4 The connection of interests is not close enough

Most of the specialized economy organizations for agricultural cooperation have not established the relationship with farmers and companies to shoulder risks and enjoy interests together. There are no sale contracts between them. The trades are of random property, which can easily damage the interests of farmers.

# 3. Strategies to accelerate the development of economy organizations for agricultural cooperation

## 3.1 Raise the understanding and reinforce leadership

Firstly, the economy organizations for agricultural cooperation should be given emphasize from thoughts. Governments of various levels should understand and treat the significance and necessity of developing specialized economy organizations for agricultural cooperation in conformity with the "three representatives". The governments should take it as an important work to help farmers to increase work effectiveness and incomes and to maintain the stability of rural areas and an important method to advance the adjustment of agriculture structure and push the industrialized managements of agriculture. To develop specialized economy organizations for agricultural cooperation should be an important part in the work in rural areas. The directing thoughts and work aim for it should be clarified and the work for it should be enhanced. Secondly, the legal status of economy organizations for agricultural cooperation should be determined. Before the state enacts any legislation, the local governments should issue direction advice to determine and regulate the property, competent departments, registration departments, condition for registration, forms to shoulder responsibilities, guarantee of rights and interests and the distribution of profits for the economy organizations for agricultural cooperation so as to provide grounds for the organizations and enhance administration. By this way, we can avoid random actions and lead economy organizations for agricultural cooperation into a sound road for development. Thirdly, the relevant preferential policies should be put into effect. In order to help and support the sound development of specialized economy organizations for agricultural cooperation, the relevant preferential policies should be put into effect. For example, the agricultural products and primarily processed products produced by specialized economy organizations for agricultural cooperation can be exempted from value-added-tax.; the interests and bonues and other incomes distributed by the organizations to their members can be exempted from individual income tax; the newly-established companies engaged in the processing and circulating agricultural products can be supported by way of refunding taxes; seeing that the profit rates of specialized economy organizations for agricultural cooperation are rather low and their capitals for starting business and running business are hard to obtain, so they should be supported by way of policy loans and compensation of interestes. For those organizations who are of certain scale and good management and have exerted prominent functions on the development of leading industries, within 3 years since their establishment, each of them can get certain activity fees from local finance.

#### 3.2 Plans should be made and emphasis should be pointed out

Firstly, the instruction depth should be deepened. Local areas shall, in accordance with the plans for the development of local agriculture and based on the reality of economy development, carefully analyze and summarize the advantages and features of the development of the local agriculture and the current conditions of the development of the specialized economy organizations for agricultural cooperation, list the emphasis for supporting and encouraging and make short term and long term plans for the development of the specialized economy organizations for agricultural cooperation. Relevant departments of various levels should use the direction functions of economy methods and policies to enhance the depth of instruction, harmonizing and service work, and summarize and extend their successful experience in specialized economy organizations for agricultural cooperation. Each area should set up their own representative modes, increase the degree of supporting, enhance the instruction for per class per tier, and exert the demonstration functions of the representative modes. Secondly, the developing emphasis should be given prominence. In recent years, among various specialized economy organizations for agricultural cooperation, the combination and cooperation organizations in circulation are active and are of strong surviving strength and great development potential, so they should be the main direction and forms in the future. The agriculture demonstration bases should be managed in the form of economy cooperation organizations in order to realize the unification of production, processing and sale. For the specialized economy organizations of basic forms and primary scales, we should give them strong supports; for the economy cooperation organizations engaged in specialized managements, we should help them to extend their business scales and to grow strong; thirdly, there should be a clear aim and we should take steps marching towards the aim. In accordance with the aim of establishing specialized economy cooperation organizations of standard system, strict administration and ordered management, when making plans for developing them, we should pay special attention to doing researches on advancing the development of specialized economy organizations for agricultural cooperation, enlarging the export of agriculture products, and finding out ways and methods for them to actively join in the international competition. In the development process, we can advance gradually. Under the existing system and the immaturity of the market, it is hard and unrealistic to reach a higher standard. Therefore, we need to activate and organize farmers. To those that are good for production and management, that are beneficial for farmers to enter into the market, that are propitious for agriculture to become more effective and for farmers to increase incomes, and that are welcomed by farmers, we should give supports. Through gradual cultivation and perfection, these organizations will ultimately become specialized economy cooperation organizations operated, managed by farmers, and beneficial for farmers.

#### 3.3 We should bravely explore and search the development of multi-mode

While we stick to the combination of family contract management and double management system, we should actively encourage and support new ways to develop specialized economy cooperation organizations. Firstly, we should encourage farmers to cooperate in production, transportation, sale, processing and service and to voluntarily set up specialized associations, cooperation organizations. We should organize able persons, leading companies, collectively owned economy organizations in towns and villages, technology service departments, and the stated owned organizations for food and supply and sale to initiate various specialized economy cooperation organizations, which mainly are the economy organizations for the unification of production and sale and share cooperation. Secondly, based on the reform of career organs, we should encourage the personnel split from career organs and agriculture technologists to initiate various specialized economy cooperation organizations, which can specialize in production, processing or sale, or the unification of production, processing and sale, and whose contents can either be the production and management of agricultural products or be scientific service and the running of production materials. For these organizations, we should give our supports and help them become the main strength to lead farmers to enter into markets and join in market competition. Thirdly, in order to accelerate the development of specialized economy cooperation organizations, we should stick to the principle of standardizing in the process of development, developing in the process of standardization, and encouraging brave try. By this way, we can help these organizations to develop towards standardization, multi-mode, standard management, democratic policymaking, management of large scale, series service and socialized profits.

#### 3.4 The environment shall be optimized and the system shall be perfected

Firstly, we should reinforce the construction of service system. The governments need to set up a group of markets for whole-selling agricultural products and computer information networks connecting departments of agriculture, trade and price with markets for whole-selling agriculture products. The governments should also actively explore new transaction ways such as auction, price quotation and internet balance. The necessary service facilities shall be constructed with the aim to build the markets for whole-selling agriculture products into the centers for gathering, processing and distributing agriculture products and for the formation of prices and issue of information. The

departments of agricultural economy and the departments of science and technology shall enhance their training for the administration workers in specialized economy cooperation organizations and help them improve management and administration level. These departments should explore and create conditions for specialized economy cooperation organizations through holding exhibition fairs, consulting fairs and products issuing fairs for agricultural products and the comparison and selection of famous agricultural products. The relevant standards for the quality of agricultural products shall be set down and perfected and the supervision, examination and test centers for agricultural products, livestock products and aquatic products shall be constructed so as to raise the safety degrees of agricultural products and help agriculture products to join in market competition, especially in international markets. Secondly, the interest distribution system shall be perfected. It is advisable to take steps towards this aim. With regard to the organizations newly-established and of loose cooperation relationship, on one hand, the governments can through these organizations help them by way of providing seeds and breeding stocks of good quality, fertilizers and pesticide of preferential prices, and skill instruction and training free of charge and helping farmers to transport and sell agricultural products; on the other hand, we can adopt contract system to establish stable selling and purchasing relationship between farmers and companies on stable prices or protective prices. By this way, the companies can obtain raw materials of stable quantity and quality and the interests of farmers can at the same time be protected from either the selling or the price, which is of mutual benefits. With regard to the organizations of long-term establishment and close cooperation relationship, based on the stable selling and purchasing relationship, the companies can obtain profits in processing and selling and refund part of the profits to farmers according to the amount of the sale of the products. Also, under the premise of volunteer wishing of the farmers, a reasonable land circulation and transferring system can be established. Under the forms of the cooperation between companies and specialized economy cooperation organizations or share cooperation system among farmers, the companies and farmers can jointly hold shares of lands, capital, labor and skills. By this way, a new asset relationship between the farmers and the companies linked by asset rights can be formed. They mutually depend on each other, shoulder risks and share profits.

All in all, to accelerate the development of the specialized economy cooperation organizations, which can keep the independence of farmers' properties and self-determined management forms, not only perfects the double-layer management system of the combination of unification and separation in rural areas in China, but also complies with the development trend of modern agriculture management system in the world and represents the innovation direction of basic management system for agriculture, and exerts long and strategic influence on the process of agriculture industrialization and modernization and the process for rural areas to enter into markets.

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